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Financial reports and audited financial statements, and reports of the Board of Auditors: United Nations Joint Staff Pension Fund

Implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2016 on the United Nations Joint Staff Pension Fund

Report of the Secretary of the United Nations Joint Staff Pension Board

Summary

The present report is submitted in accordance with General Assembly resolution 48/216 B, in which the Assembly requested the executive heads of the United Nations entities to report to the Assembly, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, on measures taken or to be taken to implement those recommendations.

The report provides information further to the comments already submitted to the Board of Auditors, which were included in the Board's final report on the United Nations Joint Staff Pension Fund.

Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments of the Fund only where required, as well as information on the status of implementation, the department responsible, the estimated completion date and the priority of each recommendation contained in the reports of the Board. In addition, the report provides an update on the status of implementation of the Board's recommendations relating to prior periods that the Board considered not to have been fully implemented.

* A/72/150.

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Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, in which the Assembly requested the executive heads of the United Nations entities, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, to provide the Assembly with their responses and to indicate the measures that would be taken to implement those recommendations, with appropriate timetables.

2. In preparing the present report, account was taken of the provisions of General Assembly resolution 70/238 A, in which the Assembly, in paragraph 14, stressed that the report of the Board of Auditors on the United Nations Joint Staff Pension Fund should be submitted separately to the General Assembly, as is the case with other United Nations entities, and decided that a copy should continue to be annexed to the report of the United Nations Joint Staff Pension Board. In paragraph 5 of its resolution 71/261 A, the Assembly decided to consider further the report of the Board of Auditors on the United Nations Joint Staff Pension Fund under the agenda item relating to the report of the United Nations Joint Staff Pension Fund.

A. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations Joint Staff Pension Fund for the year ended 31 December 2016[1]

3. The status of implementation of the main recommendations as at August 2017 is summarized in table 1.

Table 1
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No target date*
Investment Management Division	3	–	3	3	–
Fund secretariat	4	–	4	4	–
Total	7	–	7	7	–
Percentage	**100**	–	**100**		

4. The status of implementation of all recommendations as at August 2017 is summarized in table 2.

[1] A/72/5/Add.16.

Table 2
Status of implementation of all recommendations*

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No target date*
Investment Management Division	10	–	10	10	–
Fund secretariat	8	–	8	8	–
Total	**18**	**–**	**18**	**18**	**–**
Percentage	**100**	**–**	**100**		

* In addition, the report of the Board contains, in paragraphs 105 and 106, two audit recommendations addressed to United Nations Joint Staff Pension Fund member organizations.

5. **In paragraph 19, the Board recommended that the Fund strengthen its internal control procedure to ensure the accuracy of data before sending them for the actuarial valuation and carry out a fresh actuarial valuation as at 31 December 2017.**

Department responsible: Pension Fund secretariat

Status: In progress

Priority: High

Target date: Third quarter of 2018

6. The Fund will review and improve the processes for the submission of census data for the next actuarial valuation as of 31 December 2017. This valuation will be noted in the financial statements for the year ending 31 December 2017.

7. **In paragraph 30, the Board recommended that the Fund make an appropriate disclosure of the accounting treatment of the tax withholding in the notes to financial statements.**

Department responsible: Investment Management Division

Status: In progress

Priority: Medium

Target date: Second quarter of 2018

8. The Fund will review its policy and the disclosure of the accounting treatment of the tax withholding in the notes to the financial statements.

9. **In paragraph 32, the Board recommended that the Fund prepare and follow a consistent accounting policy for creating provisions for the receivables for the tax withholdings.**

Department responsible: Investment Management Division

Status: In progress

Priority: Medium

Target date: Second quarter of 2018

10. The Fund will review its policy with respect to the measurement of receivables for tax withholdings. It should be noted that the Fund applies individual judgment to estimate the recoverability of each tax receivable for each jurisdiction as required by International Public Sector Accounting Standard (IPSAS) 29, paragraphs 67 and 68. The Fund is of the view that setting up provisions for recoverability of tax receivables solely based on ageing is not consistent with IPSAS.

11. **In paragraph 41, the Board recommended that the Fund prepare a detailed risk budget for all categories of the assets.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2019

12. The Investment Management Division adopted more detailed risk limits in early 2017 for the internally managed fixed income portfolio, including currency and duration limits. The Division is also in the process of developing active limits for the global equity portfolio, which are expected to be implemented by or before the fourth quarter of 2018. In this regard, the Division is taking action regarding the recommendation to prepare a detailed risk budget for public asset classes such as equities and fixed income. This may not be feasible for categories such as real assets, alternative investments and cash and cash equivalents. The Investment Management Division will review and consider the recommendation as it relates to these asset classes, pending the outcome of further research and analysis.

13. **In paragraph 43, the Board reiterated its earlier recommendation that the Fund fill the vacancies at the Professional and decision-making levels and prepare a comprehensive succession plan to effectively deal with the changes that would occur when senior positions became vacant.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

14. The Investment Management Division developed and implemented a succession plan in December 2016. The Division has filled all of its senior-level vacancies and on-boarding is expected to be completed by the end of 2017. Good progress is being made towards filling the remaining vacancies, with the expectation that the vacancy rate will be less than 10 per cent on an ongoing basis by or before the second quarter of 2018.

15. **In paragraph 50, the Board recommended that the Fund review its internal investment and risk processes and procedures so as to outperform the benchmarks and achieve at least the targeted long-term real rate of return of 3.5 per cent.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

16. The Investment Management Division reviews its internal investment and risk processes, practices and procedures on an ongoing basis with the intent of meeting or exceeding the benchmarks and the targeted real rate of return of 3.5 per cent over the long term. In 2015, the Fund's strategic asset allocation was updated following the completion of an asset liability management study. The strategic asset allocation target weightings for each asset class are intended to optimize the likelihood that the Fund will achieve its 3.5 per cent real rate of return target over the long term. In 2016 and 2017, the Division developed several new reports for this purpose and work in this area will continue on an ongoing basis.

17. **In paragraph 55, the Board recommended that the Fund continuously monitor and review its fixed income strategy so as to ensure that it would meet and perform better than the benchmark.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

18. The Investment Management Division is continuously monitoring and reviewing its fixed income strategy with the intent of meeting or exceeding the benchmark. The Division recently adopted new limits for currency and duration positions in the fixed income portfolio in order to enhance risk management limits for the portfolio, which has resulted in performance that more closely tracks the performance of the fixed income benchmark, the Bloomberg Barclays Global Aggregate Index.

19. **In paragraph 61, the Board recommended that the Fund expedite the currency study so as to further strengthen foreign exchange management and control and reduce risks by employing suitable strategies.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

20. The Investment Management Division studied various alternatives to its existing practice during 2015, as mentioned in paragraph 74 of document A/71/5/Add.16. Hedging of currency risk was considered and was not utilized, recognizing the zero sum-game representation over time. In 2017, the Division engaged one of its non-discretionary advisers to conduct a formal currency study. The study is under way and is expected to be completed in 2017.

21. **In paragraph 67, the Board recommended that the Fund incorporate provisions for the duration of the contract in the policy and formalize the evaluation method before awarding or renewing the contract of the fund managers.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

22. The Investment Management Division introduced a new external manager policy in 2017, which will be reviewed and updated in order to address the Board's recommendation.

23. **In paragraph 75, the Board recommended that the Fund update the business continuity and disaster recovery plan in the Investment Management Division by including all the critical applications, determine recovery time objectives for all critical applications and carry out a business impact analysis study in view of the criticality of its operations.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2018

24. The Investment Management Division is in the final stages of completing a request for proposals to conduct an information and communications technology (ICT) study to assess its ICT security and business continuity practices, and the outcome is expected to assist the staff of the Division in addressing the Board's recommendation.

25. **In paragraph 79, the Board recommended that the Fund prepare a comprehensive security policy for the Investment Management Division that should be widely circulated among the management and the staff and establish a mechanism to ensure its compliance.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

26. The Investment Management Division will prepare a comprehensive security policy, and the outcome of the ICT security study is expected to assist the staff of the Division in addressing the Board's recommendation.

27. **In paragraph 92, the Board recommended that the Fund: (a) explore the possibility of further automating various steps in benefits processing; (b) build input controls to ensure standardized information in the Integrated Pension Administration System; (c) enhance the functionalities of member self-service**

and employer self-service modules; and (d) resolve data issues from the migration to the Integrated Pension Administration System.

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

28. The Pension Fund will explore possibilities to further automate benefits processing in the Integrated Pension Administration System and will continue to enhance the functionalities of the member self-service and employer self-service. The Fund will study the possibility of receiving separation data electronically, and automate, to the extent possible, the categorization of cases by benefit type. Data issues will continue to be addressed both in a manual and an automated fashion.

29. **In paragraph 101, the Board recommended that the Fund: (a) set a definite timeline to process all outstanding cases where all documents have been received; and (b) prescribe a time frame for processing each type of entitlement/benefit.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Third quarter of 2018

30. The Fund has a performance indicator defined for the processing of initial separations for which all documents have been received; therefore, the first part of the recommendation is already implemented. The Fund is operating with an inventory of outstanding actionable cases (involving initial separations) requiring only approximately one week of processing at the end of every month. The Fund will continue to implement actions to expedite the processing of other types of benefits and define or update, as needed, indicators for the time taken to process various types of benefits.

31. **In paragraph 105, the Board recommended that the member organizations create pension focal points to facilitate the expeditious processing of the retirement benefit cases.**

Department responsible:	Member organizations
Status:	Not applicable
Priority:	Medium
Target date:	Not applicable

32. The Fund management submitted for the consideration of the Pension Board at its sixty-fourth session, in July 2017, the report of the Board of Auditors, including the above audit recommendation. The Board also considered the report of the end-to-end review of the separation-to-benefit process, which included recommendations associated with the need to establish focal points within the member organizations.

33. **In paragraph 106, the Board recommended that member organizations identify all cases due for separation in the next six months before the date of separation, send updated demographic details to the Fund and reconcile all differences in contributions.**

Department responsible:	Member organizations
Status:	Not applicable
Priority:	Medium
Target date:	Not applicable

34. The Fund management submitted for the consideration of the Pension Board at its sixty-fourth session, in July 2017, the report of the Board of Auditors, including the above audit recommendation. The Board also considered the report of the end-to-end review of the separation-to-benefit process, which included recommendations to expedite the separation process and enhance the quality of the information received by the Fund.

35. **In paragraph 112, the Board recommended that the Fund document a client grievance redressal mechanism and include procedures for indexing, segregating, prioritizing and monitoring the queries.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2019

36. In the budget proposal for 2018-2019, the Fund requested resources for the implementation of a client relationship management system to further improve the management of client queries. This would include better tracking of response times, integration of email, phone and walk-in registration with the new Integrated Pension Administration System platform and improved monitoring of benchmarks and performance reporting.

37. **In paragraph 113, the Board recommended that the Fund devise and implement a structured feedback mechanism to receive feedback from clients.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

38. In the budget proposal for 2018-2019, the Fund requested resources for the implementation of a client relationship management system to further improve the management of client queries. The system will include mechanisms to receive feedback from clients.

39. **In paragraph 118, the Board recommended that the Fund review: (a) the process of obtaining the certificate of entitlement; and (b) the suspended cases that are on hold for a longer period.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

40. The Fund will review and continue to explore opportunities to enhance the certificate of entitlement process. The member self-service (certificate of entitlement tracker) released on 31 August 2016 allows beneficiaries to monitor when the signed certificate of entitlement was received by the Fund. In addition, the Fund released a functionality that allows beneficiaries to print the certificate of entitlement remotely and email it back to the Fund.

41. **In paragraph 124, the Board recommended that the Fund establish a system for receiving the schedules of contributions on a monthly basis along with a list of participants from the member organizations to eliminate the generation of participant reconciliation exceptions.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

42. The implementation of the Integrated Pension Administration System and the common data interface project established the prerequisites for the introduction of a monthly reconciliation process for contributions. The Fund will complete the first pilot for monthly reconciliations in 2017. It should be noted that unresolved participant reconciliation exceptions do not establish receivables or liabilities in the financial statements of the Fund.

43. **In paragraph 128, the Board recommended that the Fund carry out the reconciliation of the contribution by the member organization at regular intervals.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2019

44. The implementation of the Integrated Pension Administration System and the common data interface project established the prerequisites for the introduction of a monthly reconciliation process for contributions. The Fund will complete the first pilot for monthly reconciliation in 2017. However, it should be noted that the monthly reconciliation process will likely not resolve the discrepancies between payables and receivables between the Fund and the member organizations recorded in their respective financial statements. Given that the financial statements are established at a different time and based on a different reconciliation status, differences will likely continue to occur. It should be emphasized that the responsibility for resolving contribution discrepancies lies with the member organizations.

B. Implementation of the recommendations contained in the reports of the Board of Auditors on the United Nations Joint Staff Pension Fund for prior financial periods

45. In the annex to its report for the year ended 31 December 2016 (A/72/5/Add.16, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods.

46. The overall situation as at August 2017 regarding the 21 recommendations assessed as not fully implemented by the Board is summarized in table 3.

Table 3
Status of implementation of extant recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No target date*
Investment Management Division	10	–	10	10	–
Fund secretariat	11	–	11	11	–
Total	**21**	**–**	**21**	**21**	**–**
Percentage	**100**	**–**	**100**		

Report of the Board of Auditors for the year ended 31 December 2013[2]

47. **In paragraph 19, the Board recommended that the Fund closely collaborate with member organizations to ensure that those organizations submit contribution data in a timely manner and keep close communication with the actuarial service provider to ensure that the actuarial report could be produced and included in the formal financial statements in a timely manner.**

Department responsible: Pension Fund secretariat

Status: In progress

Priority: Medium

Target date: Third quarter of 2018

48. To expedite the completion of the financial statements, a roll-forward of the previous actuarial valuation results will be reflected in the interim years between biennial actuarial valuations, as was the case for the financial statements for the year ended 31 December 2015. Complementarily, the Fund will continue to follow up with member organizations and take advantage of new technologies and systems to ensure that the organizations submit contribution data in a timely manner.

49. **In paragraph 47, the Fund secretariat agreed with the Board's reiterated recommendation to: (a) continue to improve controls and efficiency of the participant reconciliation exceptions process to ensure the discrepancies are identified and reconciled with member organizations in a timely manner; and (b) prepare monthly and year-end contribution reconciliations to ensure the accuracy of the contributions and receivables recorded in pension system and financial statements.**

[2] A/69/9, annex X.

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

50. The participant reconciliation exceptions process is a quality improvement exercise that does not affect the accuracy of the financial statements. The year-end reconciliation is conducted to ensure the accuracy of the contributions and receivables recorded in the financial statements. Contribution data discrepancies identified require action and resolution by Pension Fund member organizations. The Fund will complete the implementation of the project for monthly reconciliation of contributions, which was approved in the Fund's budget for the biennium 2016-2017, for one member organization by the fourth quarter of 2017.

51. **In paragraph 51, the Fund secretariat agreed with the Board's recommendation to: (a) utilize and promote the online self-service as an additional tool in the certificate of entitlement process along with the smooth implementation of the Integrated Pension Administration System; and (b) consider establishing a practical plan to develop an automatic signature verification system or thumbprint/live image verification system to facilitate the certificate of entitlement process.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

52. The Fund has implemented a number of actions to enhance the certificate of entitlement process, including the review of the annual cycle to ensure that all activities from the date of the mailing of the certificate to the related follow-up actions are completed within a calendar year. The member self-service (certificate of entitlement tracker) released on 31 August 2016 allows beneficiaries to monitor when the signed certificate of entitlement was received by the Fund. The Fund also explored the possibility of engaging corresponding banks in the certificate of entitlement process; however, this was not feasible given the use of multiple correspondent banks to distribute payments to 190 countries and a diverse set of local regulations that impede banks' involvement in the process. The Fund will continue exploring opportunities to enhance the certificate of entitlement process.

Report of the Board of Auditors for the year ended 31 December 2014[3]

53. **In paragraph 30, the Board recommended that the Fund expedite introduction of the counterparty settlement system in a time-bound manner.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

[3] A/70/325, annex VI.

54. The Investment Management Division completed phase 1 of the implementation of the Bloomberg AIM trade order management system on 18 January 2016, and the new trade order management system includes a counterparty settlement system.

55. **In paragraph 35, the Board recommended that the Fund explore alternatives to mitigate the foreign exchange losses, including a detailed cost-benefit study for a suitable hedging strategy.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

56. The Investment Management Division studied various alternatives to its existing practice during 2015, as mentioned in paragraph 74 of document A/71/5/Add.16. Hedging of currency risk was considered and was not utilized, recognizing the zero sum-game representation over time. In 2016, the Division agreed to conduct a formal currency study. The study is under way and is expected to be completed in 2017.

57. **In paragraph 41, the Board recommended that the Fund take steps to achieve the policy benchmarks on each portfolio by improving its internal investment processes and practices and endeavour to achieve the overall minimal real return of 3.5 per cent.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

58. The Investment Management Division reviews its internal investment and risk processes, practices and procedures on an ongoing basis with the intent of meeting or exceeding the benchmarks and the targeted real rate of return of 3.5 per cent over the long term. In 2015, the Fund's strategic asset allocation was updated following the completion of an asset liability management study. The strategic asset allocation target weightings for each asset class are intended to optimize the likelihood that the Fund will achieve its 3.5 per cent real rate of return target over the long term. In 2016 and 2017, the Investment Management Division developed several new reports for this purpose, and work in this area will continue on an ongoing basis.

59. **In paragraph 48, the Board reiterated its recommendation that the Fund continue its efforts to reconcile and resolve all participant reconciliation exceptions with member organizations in a timely manner. The Board adds that until such time as a system is implemented to enable monthly reconciliations, the Fund may consider including a suitable disclosure in the financial statements on the quantum of unresolved participant reconciliation exceptions.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

60. The participant reconciliation exceptions process is a quality improvement exercise that does not affect the accuracy of the financial statements. The year-end reconciliation is conducted to ensure the accuracy of the contributions and receivables recorded in the financial statements. Contribution data discrepancies identified require action and resolution by Pension Fund member organizations. The Fund will complete the implementation of the project for monthly reconciliation of contributions, which was approved in the Fund's budget for the biennium 2016-2017, for one member organization by the fourth quarter of 2017. A disclosure in the financial statements was not deemed necessary given that the participant reconciliation exceptions process does not affect the accuracy of the financial statements.

61. **In paragraph 53, the Board recommended that the Fund ensure adherence to the stipulated benchmark for processing of benefits through improvements in efficiencies and use of information technology enabled services, since service to its members is the primary function of the Fund.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Third quarter of 2018

62. The strategic framework approved by the Pension Board specifies the performance indicator and target for the processing of benefits. The Fund has implemented various initiatives approved by the Pension Board at its sixty-third session to enhance performance in benefits processing. These initiatives include the creation of dedicated task forces and in-depth process review to identify opportunities for efficiency. As a result, the Fund has achieved substantial progress in terms of processing benefits within the performance indicator of 15 business days. Benefit processing times have improved steadily since the beginning of 2016. The ageing and volume of outstanding cases also reflect significant improvement, with more than 90 per cent of actionable separation cases processed within the same calendar month. Performance indicators are monitored using periodic enhanced performance reports and a business intelligence dashboard. Death in service, survivor and disability benefits continue to be handled as "priority" cases.

63. **In paragraph 65, the Board recommended that the Fund: (a) formulate a holistic policy for the strategic planning, governance and management of various information technology projects required or under implementation; and (b) take proactive measures to expedite the procurement of the replacement for the existing trade order management system and restrict additional expenditure on interim measures.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2018

64. The Investment Management Division is in the process of developing a comprehensive ICT strategy that will address both infrastructure and applications in order to ensure secure and continuous operations. Progress has been made, as evidenced by the successful implementation of the Bloomberg AIM trade order management system on 18 January 2016. The Division engaged a consultant to conduct an ICT study and to assist with the creation of a target operating model, and the ICT study is under way.

Report of the Board of Auditors for the year ended 31 December 2015[4]

65. **In paragraph 28, the Board recommended that while filling up the vacancies at senior levels at the earliest, the Fund draw up a succession plan that can foresee and address the changes that will occur when senior positions become vacant.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2018

66. The Investment Management Department developed and implemented a succession plan in December 2016. The Division has filled all of its senior-level vacancies, and on-boarding is expected to be completed by the end of 2017. Good progress is being made towards filling the remaining vacancies, with the expectation that the vacancy rate will be less than 10 per cent on an ongoing basis by or before the second quarter of 2018.

67. **In paragraph 37, the Board recommended that the Fund devise a mechanism to assess the value addition to performance owing to active management of the portfolio on a regular basis so as to assess its impact and implement course correction as deemed necessary.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

68. The Investment Management Division developed new risk and performance dashboards for performance attribution purposes during 2016 and 2017. These reports, along with new currency and duration fixed income limits, assist the Division in ex post and ex ante analysis of the contribution of active management so that the Division can assess its impact and implement course correction as deemed

[4] A/71/5/Add.16, chap. II.

necessary. Additionally, in 2016, the Division began to compare the results of its actively managed stock and bond portfolios with the results produced by the eVestment universe. The Division is supplementing the good progress to date by working on developing active risk limits for its equity portfolios.

69. **In paragraph 68, the Board recommended that the Fund carry out a review of the cash requirements of various currencies in order to keep a minimum investment in cash, as it carries a low return and is subject to foreign exchange fluctuation.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

70. The Investment Management Division engaged one of its non-discretionary advisers to conduct a formal currency study. The currency study is under way and is expected to be completed in 2017.It will include a review of related cash requirements. The Division and its custodian, Northern Trust, are also reviewing the logistics related to separating investment and operational cash from an accounting and performance perspective. The Division also developed a new cash flow forecast procedure.

71. **In paragraph 75, the Board recommended that the Fund: (a) address the foreign exchange exposure issue and employ suitable procedures and tools to mitigate foreign exchange losses; and (b) develop an internal mechanism to monitor, evaluate and manage losses or gains owing to foreign exchange in addition to regular monitoring of the fair value of the assets.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

72. The Investment Management Division engaged one of its non-discretionary advisers to conduct a formal currency study. The currency study is under way and is expected to be completed in 2017. The currency study will include a review of foreign exchange exposure and related tools. The Division also developed an internal mechanism to monitor, evaluate and manage foreign exchange by creating new attribution reports to monitor and evaluate the gains or losses owing to foreign exchange in addition to regular monitoring of the fair value of the assets.

73. **In paragraph 83, the Board recommended that the Fund review its processes for the fixed income investments to ensure that it meets or exceeds its benchmark.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2018

74. The Investment Management Division is continuously monitoring and reviewing its fixed income strategy with the intent of meeting or exceeding the benchmark. The Division recently adopted new limits for currency and duration positions in the fixed income portfolio in order to enhance risk management limits for the portfolio, which has resulted in performance that more closely tracks the performance of the fixed income benchmark, the Bloomberg Barclays Global Aggregate Index.

75. **In paragraph 94, the Board recommended that the Fund enter into a service-level agreement defining the respective roles and responsibilities and the service-level benchmarks and that it develop a mechanism to secure its compliance.**

Department responsible:	Investment Management Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

76. The Investment Management Division is working with Bloomberg to develop a service-level agreement defining the respective roles and responsibilities and the service-level benchmarks and develop a mechanism to secure its compliance. The Division hopes to have a service-level agreement in place by the fourth quarter of 2018.

77. **In paragraph 99, the Board recommended that the Fund: (a) resolve the issues of data migration; and (b) frame key performance indicators as per functional requirements for assessing the accuracy and timeliness of outcomes of the Integrated Pension Administration System.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Third quarter of 2018

78. There were minimal data exceptions in the migration to the new Integrated Pension Administration System, which occurred only for historical data not affecting any calculations. Data exceptions have been corrected as part of normal verification in benefits processing since the Integrated Pension Administration System go-live. A business intelligence tool has been deployed for monitoring performance indicators and targets. Performance indicators are available for analysis and monitoring in a management dashboard, which will continue to be enhanced.

79. **In paragraph 105, the Board recommended that the Fund: (a) acknowledge all queries and complaints received from all sources; (b) segregate queries from complaints so to address them appropriately; (c) devise a system of categorization and prioritization of complaints and their resolution; (d) inform clients periodically about the progress achieved in the resolution of the complaint; (e) devise a system for monitoring and reporting the status of grievances to the appropriate levels in the Fund to ensure an effective client delivery mechanism; and (f) review the complaints data to help to identify the weaknesses of the system and to improve and streamline the existing processes.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2018

80. The Fund has implemented new client servicing mechanisms to ensure that client enquiries are addressed efficiently and effectively. Some elements have already been deployed with excellent results, including: (a) a dedicated two-tier call centre to answer all telephone calls and member self-service emails was established in October 2016; (b) the member self-service feature was launched in August 2016 to provide real-time information on members' accounts, disbursements and the receipt of documents and forms sent to the Fund; and (c) the new Pension Fund website includes a feature to categorize and track emails as well as useful information to address the most common queries from participants and beneficiaries. These enhancements complement the in-person service provided at the Fund's offices in New York and Geneva, which is also tracked and monitored.

81. **In paragraph 110, the Board recommended that the Fund prescribe a time frame for servicing the caseload. An internal reporting framework for each type of benefit based on its priority should be established.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Third quarter of 2018

82. The strategic framework approved by the Pension Board specifies the performance indicator and target for the processing of benefits. To enhance performance in benefits processing, the Pension Fund has implemented various initiatives approved by the Pension Board at its sixty-third session. As a result, the Fund has achieved substantial progress in terms of processing of benefits within the performance indicator of 15 business days. Benefits processing times have improved steadily since the beginning of 2016. The ageing and volume of outstanding cases also reflect significant improvement, with more than 90 per cent of actionable separation cases processed within the same calendar month. Performance indicators are monitored using periodic enhanced performance reports and a business intelligence dashboard. Death in service, survivor and disability benefits continue to be handled as "priority" cases.

83. **In paragraph 115, the Board recommended that the Fund simplify the process of obtaining the certificate of entitlement, including exploring the option of engaging the corresponding banks in the process.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

84. The Fund has implemented a number of actions to enhance the certificate of entitlement process, including the review of the annual cycle to ensure that all activities from the date of the mailing of the certificate to the related follow-up actions are completed within a calendar year. The member self-service (certificate of entitlement tracker) allows beneficiaries to monitor when the signed certificate of entitlement was received by the Fund. The Fund also explored the possibility of engaging corresponding banks in the certificate of entitlement process; however, this was not feasible given the use of multiple correspondent banks to distribute payments to 190 countries and a diverse set of local regulations that impede the involvement of the banks in the process. The Fund will continue exploring opportunities to enhance the certificate of entitlement process.

85. **In paragraph 123, the Board recommended that the Fund: (a) impress upon the participating organizations the need to ensure that they identify and submit to the Fund sufficiently in advance cases that are due for separation in the normal course of business; and (b) check the status of documentation and jointly devise a mechanism to resolve the issues related to incomplete or missing documentation from member organizations.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2018

86. The roles and responsibilities of the staff pension committees of member organizations are set out in the Regulations and Rules of the Pension Fund. The terms of reference for the staff pension committees and their secretaries consolidate all the roles and responsibilities and recognize that member organizations are responsible for the accurate, complete and timely submission of separation information and documents to the Fund. The Fund continues to work closely with member organizations to identify mechanisms to expedite the submission of separation documents to the Fund and resolve issues related to incomplete and missing documentation from member organizations. The Fund conducted, with the support of an external consultant and in coordination with the member organizations, an end-to-end review of the separation-to-entitlement process. The results of the end-to-end review were presented to the Pension Board at its sixty-fourth session, in July 2017. Complementarily, the member self-service launched in August 2016 provides real-time information on members' accounts, disbursements and the receipt of documents and forms sent to the Fund.

87. **In paragraph 129, the Board recommended that participant reconciliation exceptions needed to be resolved in a time-bound manner in order to avoid any dispute with the participating organizations and to ensure that up-to-date and accurate financial statements can be prepared for the Fund and the participating organizations.**

Department responsible:	Pension Fund secretariat
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

88. The participant reconciliation exceptions process is a quality improvement exercise that does not affect the accuracy of the financial statements. The year-end reconciliation is conducted to ensure the accuracy of the contributions and receivables recorded in the financial statements. Contribution data discrepancies identified require action and resolution by member organizations. The Fund will complete the implementation of the project for monthly reconciliation of contributions for one member organization by the fourth quarter of 2017.